

CITY OF HASLET, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

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Susan LaFollett, CPA – Partner
Rod Abbott, CPA – Partner

INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Haslet, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TMRS pension and OPEB information on pages 3–8 and 43–48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 49–53 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas, as of September 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Tom Bean, Texas

April 15, 2019

**CITY OF HASLET, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

As management of the City of Haslet, Texas (the "City"), we offer readers of the City of Haslet's financial statements this narrative overview and analysis of the financial activities of the City of Haslet, Texas for the year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's financial statements [beginning on page 9].

FINANCIAL HIGHLIGHTS

- Total net position for the City of Haslet at the close of FY18 is \$25,347,692 [page 9]. Unrestricted net position at the close of FY18 is \$5,268,732 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,121,254 (4.6%) during fiscal year 2018.
- The City's governmental funds reported combined ending fund balances of \$6,638,952 [page 11]. The fund balances increased by \$583,695 (9.6%) [page 13]. \$2,509,416 [page 11] is unassigned and available for spending at the City's discretion. The General Fund's unassigned fund balance of \$2,509,416 [page 11] is equivalent to 79% (\$2,509,416 / \$3,152,122) of total 2018 General Fund expenditures [page 13], compared to 60% in 2017.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities [pages 9 and 10]. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a private-sector business.

Fund financial statements [starting on page 11] report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State.

The notes to the financial statements [page 18] provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operation [pages 9 and 10]. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position [page 9] includes all the City's assets, deferred inflows of resources, deferred outflows of resources, and liabilities while the Statement of Activities [page 10] includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, non-financial factors should also be considered, such as changes in the City's request for services from citizens and the condition of the City's facilities.

The Statement of Net Position and The Statement of Activities report two kinds of activities, as well as one component unit:

Governmental Type Activities – City services such as police, fire protection, municipal court, parks, street maintenance, and city administration are reported here. City property taxes and charges for services finance most of these activities.

Business-Type Activities - The City uses a proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Discretely Presented Component Unit – The Haslet Economic Development Corporation (Type B) is reported in a separate column since it meets the requirements for discrete presentation in the financial statements.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements [pages 11-17] provide detailed information about each City fund. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities, which are reported in the Statement of Net Position and the Statement of Activities and governmental funds in the reconciliation schedules [pages 12 and 14].

Proprietary Funds – The City uses one proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary type funds.

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 7,317,662	\$ 2,372,949	\$ 9,690,611	\$ 6,860,440	\$ 2,663,181	\$ 9,523,621
Capital assets, net	14,083,302	11,624,095	25,707,397	12,900,756	11,640,847	24,541,603
Total Assets	21,400,964	13,997,044	35,398,008	19,761,196	14,304,027	34,065,223
Deferred Outflows of Resources	90,752	19,427	110,179	156,451	13,203	169,654
Other liabilities	497,256	368,819	866,075	620,522	262,090	882,612
Long-term liabilities	3,738,378	5,421,795	9,160,173	3,296,630	5,695,352	8,991,982
Total Liabilities	4,235,634	5,790,614	10,026,248	3,917,152	5,957,442	9,874,594
Deferred Inflows of Resources	113,344	20,903	134,247	109,740	-	-
Net Position:						
Net investment						
in capital assets	10,433,839	6,219,986	16,653,825	9,629,014	5,955,461	15,584,475
Restricted	3,425,135	-	3,425,135	3,346,778	-	3,346,778
Unrestricted	3,283,764	1,984,968	5,268,732	2,914,963	2,404,327	5,319,290
Total Net Position	\$ 17,142,738	\$ 8,204,954	\$ 25,347,692	\$ 15,890,755	\$ 8,359,788	\$ 24,250,543

	For the Year Ended September 30, 2018			For the Year Ended September 30, 2017		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,134,055	\$ 2,112,008	\$ 3,246,063	\$ 477,230	\$ 1,943,971	\$ 2,421,201
Operating grants and contributions	3,020	106,917	109,937	3,905	-	3,905
Capital grants and contributions	317,963	-	317,963	326,451	81,252	407,703
General revenues:						
Property taxes	1,810,853	-	1,810,853	1,627,391	-	1,627,391
Sales taxes	1,557,855	-	1,557,855	1,690,855	-	1,690,855
Franchise tax	259,691	-	259,691	265,407	-	265,407
Unrestricted investment earnings	116,952	35,576	152,528	47,264	26,824	74,088
Miscellaneous revenue (expense)	262,415	127,149	389,564	281,252	72,564	353,816
Total Revenues	5,462,804	2,381,650	7,844,454	4,719,755	2,124,610	6,844,365
Expenses						
General government	497,944	-	497,944	512,435	-	512,435
Streets and parks	847,640	-	847,640	869,443	-	869,443
Court	159,491	-	159,491	124,456	-	124,456
Library	273,841	-	273,841	255,595	-	255,595
Public safety	1,306,439	-	1,306,439	1,346,062	-	1,346,062
Finance and planning	396,927	-	396,927	476,887	-	476,887
Economic development	110,331	-	110,331	111,699	-	111,699
Public works	346,939	-	346,939	364,292	-	364,292
Non-departmental	154,935	-	154,935	109,827	-	109,827
Interest on long-term debt	143,403	-	143,403	130,307	-	130,307
Water and sewer operations	-	2,485,312	2,485,312	-	2,305,988	2,305,988
Total Expenses	4,237,889	2,485,312	6,723,204	4,301,004	2,305,988	6,606,992
Change in Net Position Before Transfers	1,224,915	(103,662)	1,121,251	418,751	(181,378)	237,374
Transfers	45,832	(45,832)	-	(96,089)	96,089	-
Total	45,832	(45,832)	-	(96,089)	96,089	-
Change in Net Position	1,270,747	(149,494)	1,121,251	322,662	(85,289)	237,374
Beginning Net Position (restated)	15,871,991	8,354,448	24,226,440	15,568,093	8,445,078	24,013,171
Ending Net Position	\$ 17,142,738	\$ 8,204,954	\$ 25,347,690	\$ 15,890,755	\$ 8,359,789	\$ 24,250,545

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position totaled \$25,347,692 at the close of FY18. Net assets increased \$1,121,254 (4.6%) during fiscal year 2018.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$50,558 (1%) during 2018.

Sixty-five percent (65%) (\$16,653,825/ \$25,347,692)[page 9]) of the City's net position is invested in capital assets; land, buildings, streets, vehicles, electronic equipment, and infrastructure, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As the City completed the year 2018, its governmental funds, as presented in the balance sheet [page 11], reported a combined fund balance of \$6,638,952 [page 11] compared to \$6,055,257 [page 13] in FY17. This represents an increase of \$583,695 [page 13]. Approximately 37% (\$2,509,416 / \$6,638,952) of this total amount is the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balances are restricted or committed as further explained in the notes to the financial statements which begin on page 18.

The General Fund is the chief operating fund of the City. At the end of the current period, the unassigned fund balance of the General Fund totaled \$2,509,416, while the total fund balance was \$2,520,599. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures [page 11]. Unassigned fund balance represents 79% (\$2,509,416 / \$3,152,122) of total FY18 General Fund expenditures.

Revenues for the City's General Fund were \$4,147,345 [page 13], while total expenditures were \$3,152,122 [page 13]. The General Fund had a net increase in fund balance of \$582,989 largely due to a \$588,809 increase in licenses and permits revenue.

Revenues for the City's proprietary fund were \$2,381,650, while total expenses were \$2,485,312. After including transfers out, total Water and Sewer Fund net position decreased by (\$149,494). The decrease in net position for the prior year (2017) was (\$85,290).

Other Analysis of the City's Funds

Budget versus Actual for the General Fund:

For the required supplemental information of budget versus actual report shown on page 43, the statement reflects a positive budget variance of \$210,760. One contributing factor was that actual sales tax revenue was \$89,169 more than the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment (net of depreciation) in capital assets for all activities as of September 30, 2018 is \$25,707,397, compared to \$24,541,603 at September 30, 2017. This is a net increase in capital assets of \$1,165,794 and mostly attributable to a new fire truck and on-going construction in progress.

Long-term Debt

At September 30, 2018, the City had total bonded debt and contractual obligations outstanding of \$8,777,000. This is an increase of \$166,000 from the prior year. A \$750,000 Combination Tax and Revenue Certificate of Obligation was issued in the current fiscal year to pay for a new fire truck and professional services related to it. Principal payments on bonds and contractual obligations totaled \$584,000 and all payments were made when due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2018-2019 budget reflects the positive financial condition of the City, and the ongoing mission of the Haslet City Council to provide cost-effect programs and responsive services to enhance the quality of life in Haslet. The City accomplishes this through the utilization of sound fiscal policy directives and a conservative approach in revenue and expenditure forecasting. Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. Property taxes are expected to increase by 7.998% and sales taxes are budgeted to decrease by 14.63%. The decrease in sales tax is due to less equipment being purchased by commercial and industrial businesses in Haslet. Due to the nature of the volatility in sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally met expectations. New home construction starts may add to the sales tax revenue in 2018-19, however due to the estimated start dates it is more likely it will impact the 2019-2020 fiscal year.

Each year, a major objective of the budget process is to focus on identifying cost-savings measures and to cut expenses however possible. Every request is reviewed with the City Administrator and Finance Director. The non-recurring requests are transferred to a Capital Projects Fund, which is funded by General Fund excess revenues over expenditures at year-end. Overall expenditures are expected to increase by 6.63% due to the funding of street projects, land purchases and equipment. A four percent merit increase is proposed for City employees.

The Water/Wastewater Fund budget anticipates an increase in expenditures of approximately 11.49%. The budget includes an additional \$120,000 to fund capital projects. The City has a policy to pass through all, or part of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. No water or sewer rate increases are proposed in the 2018-19 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

BASIC FINANCIAL STATEMENTS

City of Haslet, Texas
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government			Component
	Governmental	Business-Type		Unit - EDC
	Activities	Activities	Total	Type B
<u>Assets</u>				
Cash and investments	\$ 6,540,175	\$ 948,850	\$ 7,489,025	\$ 2,722,061
Receivables (net of allowances)				
Taxes	125,230	-	125,230	-
Court	196,581	-	196,581	-
Accounts	-	281,823	281,823	-
Miscellaneous	11,802	-	11,802	-
Intergovernmental	328,065	446	328,511	120,726
Inventories	-	19,454	19,454	959,789
Prepaid items	11,183	-	11,183	-
Restricted assets:				
Cash and cash equivalents	-	1,100,082	1,100,082	-
Net pension asset	104,625	22,294	126,919	2,458
Capital assets (net of acc. depreciation)				
Non-depreciable	3,950,792	891,788	4,842,580	-
Net depreciable capital assets	10,132,510	10,732,307	20,864,817	-
Total Assets	21,400,964	13,997,044	35,398,008	3,805,034
<u>Deferred Outflows of Resources</u>				
Deferred OPEB balances	3,756	889	4,645	-
Deferred pension balances	86,996	18,538	105,534	2,044
Total Deferred Outflows of Resources	90,752	19,427	110,179	2,044
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	238,701	237,417	476,118	1,605
Accrued liabilities	62,456	39,021	101,477	712
Due to other governments	193,419	-	193,419	-
Customer deposits	-	92,381	92,381	2,250
Interest payable	2,680	-	2,680	-
Noncurrent liabilities:				
OPEB liability	30,257	7,159	37,416	-
Due within one year	393,214	284,291	677,505	-
Due in more than one year	3,314,907	5,130,345	8,445,252	-
Total Liabilities	4,235,634	5,790,614	10,026,248	4,567
<u>Deferred Inflows of Resources</u>				
Unearned revenue	15,250	-	15,250	-
Deferred pension balances	98,094	20,903	118,997	2,305
Total Deferred Inflows of Resources	113,344	20,903	134,247	2,305
<u>Net Position</u>				
Net investment in Capital Assets	10,433,839	6,219,986	16,653,825	-
Restricted for:				
Debt Service	196,025	-	196,025	-
Capital Projects	3,187,123	-	3,187,123	-
Court	41,987	-	41,987	-
Unrestricted	3,283,764	1,984,968	5,268,732	3,800,206
Total Net Position	\$ 17,142,738	\$ 8,204,954	\$ 25,347,692	\$ 3,800,206

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
			Operating	Capital	Primary Government			Comp. Unit
		Charges for	Grants and	Grants and	Governmental	Business-type		Economic
Expenses		Services	Contributions	Contributions	Activities	Activities	Total	Development
								Corp. (Type B)
Governmental activities:								
General government	\$ 497,944	\$ 721,759	\$ 120	\$ -	\$ 223,935		\$ 223,935	
Streets and parks	847,640	7,000	-	317,963	(522,677)		(522,677)	
Court	159,491	295,296	-	-	135,805		135,805	
Library	273,841	-	2,900	-	(270,941)		(270,941)	
Public Safety	1,306,439	110,000	-	-	(1,196,439)		(1,196,439)	
Finance and planning	396,927	-	-	-	(396,927)		(396,927)	
Economic development	110,331	-	-	-	(110,331)		(110,331)	
Public works	346,939	-	-	-	(346,939)		(346,939)	
Non-departmental	154,935	-	-	-	(154,935)		(154,935)	
Interest and charges on long-term debt	143,403	-	-	-	(143,403)		(143,403)	
Total governmental activities	4,237,889	1,134,055	3,020	317,963	(2,782,851)		(2,782,851)	
Business-type activities:								
Water and Sewer	2,485,312	2,112,008	106,917	-	-	\$ (266,387)	(266,387)	
Total Business-type Activities	2,485,312	2,112,008	106,917	-	-	(266,387)	(266,387)	
Total primary government	6,723,201	3,246,063	109,937	317,963	(2,782,851)	(266,387)	(3,049,238)	
Component unit:								
Economic Development Corporation	424,414	-	-	-				\$ (424,414)
Total component unit	\$ 424,414	\$ -	\$ -	\$ -				(424,414)
General Revenues and Transfers:								
					1,810,853	-	1,810,853	-
					1,557,855	-	1,557,855	518,686
					259,691	-	259,691	-
					116,952	35,576	152,528	41,110
					262,415	127,149	389,564	45,220
					45,832	(45,832)	-	-
					4,053,598	116,893	4,170,491	605,016
					1,270,747	(149,494)	1,121,254	180,602
					3,807	-	3,807	-
					(22,571)	(5,340)	(27,911)	-
					15,890,755	8,359,788	24,250,543	3,619,604
					\$ 17,142,738	\$ 8,204,954	\$ 25,347,692	\$ 3,800,206

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

	General Fund	Haslet Econ. Develop. Corp. (Type A)	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and investments	\$ 2,414,398	\$ 3,035,288	\$ 282,340	\$ 808,149	\$ 6,540,175
Receivables: (net)					
Taxes	52,800	-	-	72,430	125,230
Court	196,581	-	-	-	196,581
Other	10,913	-	-	889	11,802
Intergovernmental	267,702	60,363	-	-	328,065
Prepaid items	11,183	-	-	-	11,183
Total Assets	\$ 2,953,577	\$ 3,095,651	\$ 282,340	\$ 881,469	\$ 7,213,037
<u>Liabilities</u>					
Accounts payable	\$ 110,216	\$ 1,368	\$ 190	\$ 126,927	\$ 238,701
Accrued liabilities	61,750	706	-	-	62,456
Due to other governments	193,419	-	-	-	193,419
Total Liabilities	365,385	2,074	190	126,927	494,576
<u>Deferred Inflows of Resources</u>					
Deferred revenue	67,593	-	-	11,916	79,509
Total Deferred Inflows of Resources	67,593	-	-	11,916	79,509
<u>Fund Balances</u>					
Nonspendable	11,183	-	-	-	11,183
Restricted	-	3,093,577	-	331,558	3,425,135
Committed	-	-	282,150	411,068	693,218
Unassigned	2,509,416	-	-	-	2,509,416
Total Fund Balances	2,520,599	3,093,577	282,150	742,626	6,638,952
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,953,577	\$ 3,095,651	\$ 282,340	\$ 881,469	\$ 7,213,037

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

September 30, 2018

Total fund balances - governmental funds balance sheet \$ 6,638,952

Amounts reported for governmental activities in the Statement of Net Position
("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	14,083,302
Property taxes receivable and court fines unavailable to pay for current period expenditures are deferred in the funds.	64,259
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,627,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,680)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(58,658)
Deferred bond refunding losses are not reported in the funds.	161,374
The City's proportionate share of the OPEB liability and net pension asset are not reported in the funds.	74,368
Deferred resource inflows related to the pension and OPEB plans are not reported in the funds.	90,752
Deferred resource outflows related to the pension and OPEB plans are not reported in the funds.	(98,094)
Unamortized bond premiums/discounts are not recognized in the funds.	(183,837)
Net Position of Governmental Activities	\$ 17,142,738

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	General Fund	Haslet Econ. Develop. Corp. (Type A)	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property tax, penalties, and interest	\$ 1,458,389	\$ -	\$ -	\$ 415,231	\$ 1,873,620
Franchise tax	259,691	-	-	-	259,691
Sales tax	1,039,169	259,343	-	259,343	1,557,855
Licenses and permits	721,759	-	-	-	721,759
Park development fees	-	-	-	7,000	7,000
Fines	289,228	-	-	15,783	305,011
Fire protection	110,000	-	-	-	110,000
Contributions	120	-	-	2,900	3,020
Gas royalties	31,651	-	-	-	31,651
Interest	43,329	46,576	3,733	23,314	116,952
Other	194,009	-	-	36,756	230,765
Total Revenues	4,147,345	305,919	3,733	760,327	5,217,324
Expenditures					
Current:					
Administration	277,122	-	-	-	277,122
City secretary	154,556	-	-	-	154,556
Fire	472,704	-	-	-	472,704
Streets	72,472	-	-	-	72,472
Parks	182,401	-	-	85,191	267,592
Court	150,466	-	-	12,219	162,685
Library	270,468	-	-	6,527	276,995
Non-departmental	138,271	-	16,664	-	154,935
Public safety	656,107	-	-	-	656,107
Finance	171,792	-	-	-	171,792
Planning	231,002	-	-	-	231,002
Economic development	63,089	48,415	-	-	111,504
Public works	311,672	-	-	-	311,672
Capital outlay	-	-	772,815	856,708	1,629,523
Debt service:					
Principal	-	-	44,000	290,000	334,000
Interest	-	-	16,851	92,828	109,679
Total Expenditures	3,152,122	48,415	850,330	1,343,473	5,394,340
Excess (Deficiency) of Revenues Over (Under) Expenditures	995,223	257,504	(846,597)	(583,146)	(177,016)
Other Financing Sources (Uses)					
Transfers in	6,890	-	347,157	296,967	651,014
Transfers out	(419,124)	(41,890)	(660)	(143,508)	(605,182)
Proceeds of bond issues	-	-	750,000	-	750,000
Bond issue costs	-	-	(35,121)	-	(35,121)
Total Other Financing Sources (Uses)	(412,234)	(41,890)	1,061,376	153,459	760,711
Net Change in Fund Balances	582,989	215,614	214,779	(429,687)	583,695
Fund Balances, October 1 (Restated)	1,937,610	2,877,963	67,371	1,172,313	6,055,257
Fund Balances, September 30	\$ 2,520,599	\$ 3,093,577	\$ 282,150	\$ 742,626	\$ 6,638,952

The accompanying notes are an integral part of this statement.

City of Haslet, Texas**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds	\$	583,695
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Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	1,629,523
The depreciation of capital assets used in governmental activities is not reported in the funds.	(803,939)
Certain property tax and court revenues are deferred in the funds. This is the change in these amounts.	(72,482)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	334,000
(Increase) decrease in accrued interest from beginning of period to end of period.	1,398
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(2,347)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(750,000)
Capital contributions are not reported in the funds but are in the SOA.	317,963
Pension and OPEB expenses relating to GASB 68/75 are recorded in the SOA but not in the funds.	32,936

Change in Net Position of Governmental Activities	\$	1,270,747
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The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
September 30, 2018

	Water & Sewer Fund
<u>Assets</u>	
<u>Current Assets</u>	
Cash and investments	\$ 948,850
Receivables (net of allowances for uncollectible):	
Accounts	281,823
Intergovernmental	446
Inventories	19,454
Total Current Assets	1,250,573
<u>Noncurrent Assets</u>	
Restricted cash and cash equivalents	1,100,082
Net pension asset	22,294
Capital assets:	
Non-depreciable	891,788
Net depreciable capital assets	10,732,307
Total Noncurrent Assets	12,746,471
Total Assets	13,997,044
<u>Deferred Outflows of Resources</u>	
Deferred pension balances	18,538
Deferred OPEB balances	889
Total Deferred Outflows of Resources	19,427
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable	237,417
Accrued liabilities	39,021
Customer deposits	92,381
Current portions of long-term debt	284,291
Total Current Liabilities	653,110
<u>Noncurrent Liabilities</u>	
Bonds and certificates of obligation payable (net)	5,130,345
OPEB liability	7,159
Total Noncurrent Liabilities	5,137,504
Total Liabilities	5,790,614
<u>Deferred Inflows of Resources</u>	
Deferred pension balances	20,903
Total Deferred Inflows of Resources	20,903
<u>Net Position</u>	
Net invested in capital assets	6,219,986
Unrestricted	1,984,968
Total Net Position	\$ 8,204,954

The accompanying notes are an integral part of this statement.

City of Haslet, Texas**STATEMENT OF REVENUES, EXPENSES, AND CHANGES****IN FUND NET POSITION - ENTERPRISE FUND**

For the Year Ended September 30, 2018

Operating Revenues

Water service	\$ 1,623,915
Sewer service	350,180
Tap connection fees	11,165
Penalties and interest	13,251
Garbage franchise tax	113,497
Total Operating Revenues	<u>2,112,008</u>

Operating Expenses

Administration	202,977
Operating	1,647,912
Shared public works expense	160,882
Depreciation	340,213
Total Operating Expenses	<u>2,351,984</u>
Operating Income (Loss)	<u>(239,976)</u>

Nonoperating Revenues (Expenses)

Interest income	35,576
Miscellaneous income	127,149
Interest expense	(133,328)
Contributions	106,917
Total Nonoperating Revenues (Expenses)	<u>136,314</u>
Income (Loss) Before Transfers	<u>(103,662)</u>
Transfers out	<u>(45,832)</u>
Change in Net Position	(149,494)
Net Position - Beginning	8,359,788
Cumulative effect of change in accounting principle	<u>(5,340)</u>
Net Position - Ending	<u>\$ 8,204,954</u>

The accompanying notes are an integral part of this statement.

City of Haslet, Texas**STATEMENT OF CASH FLOWS****ENTERPRISE FUND**

For the Year Ended September 30, 2018

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 2,142,035
Cash Payments to Suppliers for Goods and Services	(1,689,933)
Cash Payments to Employees for Services	(251,319)
Net Cash Provided (Used) by Operating Activities	<u>200,783</u>

Cash Flows from Non-capital and Related Financing Activities:

Contributions and Other Non-Operating	234,066
Transfers to Other Funds	(45,832)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>188,234</u>

Cash Flows from Capital and Related Financing Activities

Principal and Interest Paid	(400,008)
Acquisition or Construction of Capital Assets	(323,461)
Net cash provided (used) by non-capital and related financing activities	<u>(723,469)</u>

Cash Flows from Investing Activities:

Interest on Investments	35,576
Net Cash Provided (Used) for Investing Activities	<u>35,576</u>

Net Increase (decrease) in Cash and Cash Equivalents	(298,876)
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Cash and Cash Equivalents at Beginning of Year

Unrestricted Cash and Investments	1,221,470
Restricted Cash	1,126,338
	<u>2,347,808</u>

Cash and Cash Equivalents at End of Year

Unrestricted Cash and Investments	948,850
Restricted Cash	1,100,082
	<u>2,048,932</u>

Reconciliation of Operating Income to Net Cash**Provided by Operating Activities:**

Operating Income (Loss)	(239,976)
Depreciation and Amortization	340,213

Change in Assets and Liabilities:

Decrease (Increase) in Receivables	22,047
Decrease (Increase) in Inventories	(8,467)
Decrease (Increase) in Deferred Outflows of Resources	(6,224)
Decrease (Increase) in Net Pension Asset	(23,424)
Increase (Decrease) in Accounts Payable	99,641
Increase (Decrease) in Deferred Inflows of Resources	20,903
Increase (Decrease) in Accrued Liabilities	(19,069)
Increase (Decrease) Customer Deposits	7,980
Increase (Decrease) in OPEB Liability	7,159
Total Adjustments	<u>440,759</u>

Net Cash Provided (Used) by Operating Activities	<u>\$ 200,783</u>
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The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

I. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the government-wide statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet (City) was incorporated as a general law municipality in 1961 under the provisions of Chapter 11 Title 28, Texas revised civil statutes of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. Accordingly the City has included the following:

Blended Component Unit

The Haslet Economic Development Corporation (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A are for the benefit of the City. Type A may not issue debt without approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net position of Type A. Type A reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Community and Economic Development Corp. Fund (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type B benefit parties external to the City. Type B may not issue debt without approval of the City

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

Council. The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has residual interest in the net position of Type B. Type B does not issue separate financial statements.

C. Basis of presentation – government-wide

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Haslet Economic and Community Development Corp. Fund (Type A) – accounts for use of sales tax revenue for business incentives.

Capital Projects Fund – accounts for use of debt used for related construction projects.

The City reports the following major enterprise fund:

The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus, basis of accounting, and basis of presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. This fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Budgetary information, budget procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the Capital Projects Fund. The Capital Projects and CO Capital Projects Funds adopt project length budgets.
2. Between sixty and ninety days prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted, at which time all interested persons comments concerning the budget are heard.
4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.
5. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar (\$1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of date of purchase are stated at cost or amortize cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for uncollectibles.

3. Property taxes

The appraisal of property within the City is the responsibility of the Tarrant and Denton County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated lives:

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment	5 – 10 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources is also reported for deferred pension and OPEB expenses which are amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred inflow of resources is also reported for deferred pension and OPEB inflows which are amortized over a five year period.

7. Compensated absences

Vacation

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. Liabilities for compensated absences are liquidated by the General Fund.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

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The classifications are as follows:

Non spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the General Fund represent intended uses established by the City Council.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

12. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

I. Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

J. Pension and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the carrying amount of the City's financial institution cash deposits was \$1,409,377 and the bank balance was \$1,691,826. All of the bank balance was secured by federal deposit insurance and collateral (fair value of \$3,557,525) pledged by the depository in the City's name and held by the depository's agent. The City also had \$1,300 of cash on hand at September 30, 2018.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent as of September 30, 2018.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

	Carrying Amount	Fair Value	Rating Standard & Poors	Weighted Average Maturity
<u>Primary Government</u>				
Cash	\$1,316,779			
Restricted cash	93,898			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	6,173,651	\$6,173,651	AAAm	45 days
Restricted government sponsored investment pool (TexPool)	1,006,184	\$1,006,184	AAAm	45 days
	<u>\$8,590,512</u>			
<u>Discrete Component Unit</u>				
Cash	\$ -			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	2,722,061	\$2,722,061	AAAm	45 days
	<u>\$2,722,061</u>			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

B. Receivables

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Activities				Business- Type Activities
	General	EDC Type A	Other Governmental Funds	Total	
Taxes	\$ 52,800	\$ -	\$ 72,430	\$ 125,230	\$ -
Court	276,993	-	-	276,993	
Other	10,913	-	889	11,802	289,183
Intergovernmental	267,702	60,363	-	328,065	228
Allowance	(80,412)	-	-	(80,412)	(7,588)
	<u>\$527,996</u>	<u>\$ 60,363</u>	<u>\$ 73,319</u>	<u>\$661,678</u>	<u>\$ 281,823</u>

CITY OF HASLET, TEXAS

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Deferred Revenue/Unearned Revenue: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental activities report unearned revenue. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds and unearned revenue reported in government-wide activities were as follows:

	<u>Deferred</u>	<u>Unearned</u>
<u>Major Funds</u>		
Delinquent property taxes receivable (General Fund)	\$ 49,731	\$ -
Deferred fine revenue (General Fund)	3,162	-
Other (General Fund)	14,700	14,700
<u>Nonmajor Funds</u>		
Refundable deposits (Park Fund)	550	550
Delinquent property taxes receivable ('99 Interest & Sinking Fund)	11,366	-
Total deferred/unearned revenue for governmental funds/activities	<u>\$ 79,509</u>	<u>\$ 15,250</u>

C. Capital assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals \$2,000 or more for assets acquired by governmental funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization of capital assets are estimated using the straight line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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Capital asset activity for the year ended September 30, 2018:

Primary Government:

	Beginning Balances	Increases	Decreases/ Reclasses	Ending Balances
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 2,133,630	\$ -	\$ -	\$ 2,133,630
Construction in progress	2,620,448	1,067,316	(1,870,602)	1,817,162
Total capital assets not being depreciated	<u>4,754,078</u>	<u>1,067,316</u>	<u>(1,870,602)</u>	<u>3,950,792</u>
Capital assets, being depreciated				
Buildings	3,363,543	165,609	19,464	3,548,616
Furniture, fixtures, tools, and equipment	701,318	-	23,144	724,462
Vehicles	1,770,139	715,100	416,714	2,901,953
Improvements other than buildings	1,381,334	-	21,856	1,403,190
Street and drainage improvements	11,855,901	-	649,699	12,505,600
Total capital assets being depreciated	<u>19,072,235</u>	<u>880,709</u>	<u>1,130,877</u>	<u>21,083,821</u>
Less accumulated depreciation	<u>10,886,557</u>	<u>803,939</u>	<u>(739,725)</u>	<u>10,950,771</u>
Total accumulated depreciation	<u>10,886,557</u>	<u>803,939</u>	<u>(739,725)</u>	<u>10,950,771</u>
Net capital assets being depreciated	<u>8,185,678</u>	<u>76,770</u>	<u>1,870,602</u>	<u>10,133,050</u>
Total Capital Assets	<u><u>\$ 12,939,756</u></u>	<u><u>\$ 1,144,086</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,083,842</u></u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 20,142	\$ -	\$ -	\$ 20,142
Construction in progress	3,757,563	323,461	(3,209,378)	871,646
Total capital assets not being depreciated	<u>3,777,705</u>	<u>323,461</u>	<u>(3,209,378)</u>	<u>891,788</u>
Capital assets, being depreciated				
Buildings and improvements	7,142	-	-	7,142
Equipment	374,480	-	-	374,480
Water and sewer system infrastructure	10,875,144	-	3,209,378	14,084,522
Total capital assets being depreciated	<u>11,256,766</u>	<u>-</u>	<u>3,209,378</u>	<u>14,466,144</u>
Less accumulated depreciation	<u>3,393,623</u>	<u>340,213</u>	<u>-</u>	<u>3,733,836</u>
Total accumulated depreciation	<u>3,393,623</u>	<u>340,213</u>	<u>-</u>	<u>3,733,836</u>
Net capital assets being depreciated	<u>7,863,143</u>	<u>(340,213)</u>	<u>3,209,378</u>	<u>10,732,308</u>
Total Capital Assets	<u><u>\$ 11,640,848</u></u>	<u><u>\$ (16,752)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,624,096</u></u>

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General administration	\$ 74,731
Fire	181,399
Streets	450,806
Parks and recreation	61,736
Public works	35,267
Total Governmental Activities Depreciation Expense	<u>\$ 803,939</u>

D. Interfund transfers

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

Transfer in:	Transfer out:					
	General	Water & Sewer	EDC Type A	Cap. Projects	Nonmajor	Total
General Fund	\$ -	\$ -	\$ 6,890	\$ -	\$ -	\$ 6,890
Capital Projects	347,157	-	-	-	-	347,157
Nonmajor	71,967	45,832	-	-	-	117,799
Water and Sewer	-	-	35,000	661	143,508	179,169
	<u>\$ 419,124</u>	<u>\$ 45,832</u>	<u>\$ 41,890</u>	<u>\$ 661</u>	<u>\$ 143,508</u>	<u>\$ 651,015</u>

E. Long-term debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

CITY OF HASLET, TEXAS

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September 30, 2018

Governmental Activities Debt Issuances:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/2018</u>
Certificate of Obligation	\$ 1,192,000	2017	2031	2.02%	\$ 1,051,000
Certificate of Obligation	\$ 750,000	2018	2031	2.51%	706,000
General Obligation Bond	\$ 2,335,000	2016	2032	2-4%	1,870,000
Total Governmental Activities Debt Issuances:					<u>\$ 3,627,000</u>

Business-Type Activities Debt Issuances:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/2018</u>
Certificates of Obligation	\$ 4,155,000	2015	2035	2.2-3%	\$ 3,900,000
General Obligation Bond	\$ 1,560,000	2016	2032	2-4%	1,250,000
Total Business-Type Activities Debt Issuances:					<u>\$ 5,150,000</u>

During the year, the City issued Series 2017 Combination Tax and Revenue Certificate of Obligation to pay for the acquisition of a fire truck and professional services in connection therewith.

Annual debt service requirements to maturity for general debt:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 335,000	\$ 104,772	\$ 439,772
2020	222,000	95,637	317,637
2021	229,000	89,906	318,906
2022	232,000	83,981	315,981
2023	239,000	77,990	316,990
2024-2028	1,286,000	290,051	1,576,051
2029-2032	1,084,000	85,293	1,169,293
Total	<u>\$ 3,627,000</u>	<u>\$ 827,630</u>	<u>\$ 4,454,630</u>

Annual debt service requirements to maturity for business-type activities debt:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 255,000	\$ 157,705	\$ 412,705
2020	260,000	150,055	410,055
2021	270,000	142,255	412,255
2022	275,000	134,155	409,155
2023	285,000	125,905	410,905
2024-2028	1,545,000	498,870	2,043,870
2029-2033	1,685,000	245,050	1,930,050
2034-2035	575,000	25,950	600,950
Total	<u>\$ 5,150,000</u>	<u>\$ 1,479,945</u>	<u>\$ 6,629,945</u>

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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During the year ended September 30, 2018, the following changes occurred in liabilities reported as governmental and business-type debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Certificates of obligation	\$ 1,121,000	\$ 750,000	\$ (114,000)	\$ 1,757,000	\$ 113,000
General obligation bonds	2,090,000	-	(220,000)	1,870,000	220,000
	<u>3,211,000</u>	<u>750,000</u>	<u>(334,000)</u>	<u>3,627,000</u>	<u>333,000</u>
Bond premium	212,601	-	(13,722)	198,879	13,722
Bond discount	(16,080)	-	1,037	(15,043)	(1,037)
Deferred amount from refunding	(172,504)	-	11,129	(161,375)	(11,129)
OPEB liability	-	30,257	-	30,257	-
Accrued compensated absences	56,311	2,347	-	58,658	58,658
Total Governmental Activities	<u>\$ 3,291,328</u>	<u>\$ 782,604</u>	<u>\$ (335,556)</u>	<u>\$ 3,738,376</u>	<u>\$ 393,214</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities:					
Certificates of obligation	\$ 4,005,000	\$ -	\$ (105,000)	\$ 3,900,000	\$ 110,000
General obligation bonds	1,395,000	-	(145,000)	1,250,000	145,000
	<u>5,400,000</u>	<u>-</u>	<u>(250,000)</u>	<u>5,150,000</u>	<u>255,000</u>
Bond premium	249,239	-	(15,290)	233,949	15,290
Bond discount	(10,743)	-	693	(10,050)	(693)
Deferred amount from refunding	32,293	-	(2,083)	30,210	4,167
OPEB liability	-	7,159	-	7,159	-
Accrued compensated absences	8,837	1,690	-	10,527	10,527
Total Business-Type Activities	<u>\$ 5,679,626</u>	<u>\$ 8,849</u>	<u>\$ (266,680)</u>	<u>\$ 5,421,795</u>	<u>\$ 284,291</u>

III. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, injuries to employees, employee health benefits, and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

IV. RETIREMENT COMMITMENTS

A. Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state of statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>24</u>
Total	<u><u>50</u></u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.8% and 8.59% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$124,490 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year incl. inflation
Investment rate of return	6.75% net of pension plan investment Expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production on income, in order to satisfy the short-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

CITY OF HASLET, TEXAS

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adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 2,199,361	\$ 2,192,805	\$ 6,556
Changes for the year:			
Service Cost	210,594	-	210,594
Interest	154,325	-	154,325
Difference between expected and actual experience	12,576	-	12,576
Changes of assumptions	-	-	-
Contributions - employer	-	117,399	(117,399)
Contributions - employee	-	93,419	(93,419)
Net Investment income	-	304,266	(304,266)
Benefit payments, including refunds of emp. contributions	(36,728)	(36,728)	-
Administration expense	-	(1,575)	1,575
Other changes	-	(81)	81
Net Changes	340,767	476,700	(135,933)
Balance at 12/31/2017	<u>\$ 2,540,128</u>	<u>\$ 2,669,505</u>	<u>\$ (129,377)</u>

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease	Current Single	1% Increase
5.75 %	Rate Assumption	7.75 %
	6.75 %	
<u>\$260,548</u>	<u>(\$129,377)</u>	<u>(\$448,377)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com. For the year ended September 30, 2018, the City recognized pension expense of \$77,254. At September 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and investment earnings	\$ -	\$ 72,615
Difference in changes of assumptions	12,356	-
Difference between expected and actual economic experience	-	48,687
Contributions subsequent to the measurement date	95,222	-
Total	<u>\$ 107,578</u>	<u>\$ 121,302</u>

\$95,222 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2019	\$ (34,422)
2020	(11,439)
2021	(32,978)
2022	(30,107)
Thereafter	-
	<u>\$ (108,946)</u>

E. Other Post-Employment Benefits (OPEB) Plan

Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	5
Active employees	24
Total	32

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

Contribution rates to the SDBF for the City were 0.16% and 0.16% for calendar years 2017 and 2018, respectively. The City's contributions to the SDBF for the year ended September 30, 2018 were \$2,306, and were equal to the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5%, including inflation
Discount rate	3.31%
Retiree's share of benefit-related costs	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.31% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

CITY OF HASLET, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	\$ 29,514
Changes for the year:	
Service cost	3,470
Interest on Total OPEB Liability	1,179
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	3,386
Benefit payments	(133)
Administrative expense	-
Other changes	-
Net changes	\$ 7,902
Balance at 12/31/2017	<u>\$ 37,416</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease 2.31%	Current Discount Rate 3.31%	1% Increase 4.31%
<u>\$46,324</u>	<u>\$37,416</u>	<u>\$30,721</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources and
Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized pension expense of \$5,164.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,871	\$ -
Contributions made subsequent to measurement date	1,774	-
	<u>\$ 4,645</u>	<u>\$ -</u>

The \$1,774 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net deferred outflows (inflows) of resources
2019	\$ 515
2020	515
2021	515
2022	515
2023	515
Thereafter	296
Total	<u>\$ 2,871</u>

F. Tax Abatement Disclosures

The City has entered into agreements with Amazon.com kydc, LLC (Amazon) and Airborne Tactical Advantage Company, LLC (Airborne) under Chapter 380 of the Texas Local Government Code and as codified in Chapter 312 of the Texas Tax Code.

Under the terms of the twenty-five year property and sales tax abatement agreement with Amazon, the City will make annual grant payments to Amazon equal to the sum of the sales tax grant and the property tax grant. These grant amounts range from 33% to 75% of the Sales Tax and Property Grant Base amounts as defined by the Agreement. The City abated \$699,543 of Amazon taxes for fiscal year 2018.

If certain improvements conditions are met, under the terms of the ten year property tax abatement agreement with Airborne, the City will abate 50% of tax payments due from Airborne as defined by the Agreement. The City abated \$0 of Airborne taxes for fiscal year 2018 because abatements do not begin until January 1, 2019.

CITY OF HASLET, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

G. Prior Period Adjustments and Cumulative Effect of Change in Accounting Principle

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", an adjustment has been made to record the City's total OPEB liability as of October 1, 2017. As a result, beginning net position of the governmental activities has been decreased by \$22,571 and the beginning net position of the Water and Sewer Fund has been decreased by \$5,340.

A prior period adjustment was made to the General Fund's beginning fund balance by \$35,193 to adjust accounts payable balances. The City also increased beginning land value balances for governmental-type activities by \$39,000. As a result of these two items, beginning net position of the governmental-type activities has a net increase of \$3,807.

H. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2018 up through April 15, 2019, the date the financial statements were available to be issued. During this period, management was unaware of any subsequent events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

City of Haslet, Texas

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Property tax, penalties, and interest	\$ 1,423,226	\$ 1,473,457	\$ 1,458,389	\$ (15,068)
Franchise tax	265,400	267,695	259,691	(8,004)
Sales tax	1,025,000	950,000	1,039,169	89,169
Licenses and permits	295,800	689,990	721,759	31,769
Fines	265,000	274,967	289,228	14,261
Fire Protection	112,000	110,000	110,000	-
Contributions	100	100	120	20
Gas royalties	35,000	31,000	31,651	651
Interest	7,000	44,000	43,329	(671)
Miscellaneous	46,890	187,573	194,009	6,436
Total Revenues	3,475,416	4,028,782	4,147,345	118,563
<u>Expenditures</u>				
Current:				
Administration	257,456	257,456	277,122	(19,666)
City secretary	148,462	153,482	154,556	(1,074)
Fire	464,745	464,745	472,704	(7,959)
Streets	113,318	113,318	72,472	40,846
Parks	207,890	207,890	182,401	25,489
Court	152,918	152,918	150,466	2,452
Library	284,418	284,418	270,468	13,950
Non-departmental	122,925	135,000	138,271	(3,271)
Public safety	656,112	656,112	656,107	5
Finance	167,917	170,000	171,792	(1,792)
Planning	237,288	237,288	231,002	6,286
Economic development	67,616	67,616	63,089	4,527
Public works	344,606	344,606	311,672	32,934
Total Expenditures	3,225,671	3,244,849	3,152,122	92,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	249,745	783,933	995,223	211,290
<u>Other Financing Sources (Uses)</u>				
Transfers in	6,890	6,890	6,890	-
Transfers out	(418,594)	(418,594)	(419,124)	(530)
Total Other Financing Sources (Uses)	(411,704)	(411,704)	(412,234)	(530)
Net Change in Fund Balances	(161,959)	372,229	582,989	210,760
Fund Balances, October 1	1,937,610	1,937,610	1,937,610	
Fund Balances, September 30	\$ 1,775,651	\$ 2,309,839	\$ 2,520,599	

City of Haslet, Texas**HASLET ECONOMIC DEVELOPMENT CORPORATION (TYPE A)****BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues</u>				
Sales tax	\$ 255,000	\$ 241,000	\$ 259,343	\$ 18,343
Interest	1,800	46,000	46,576	576
Total Revenues	<u>256,800</u>	<u>287,000</u>	<u>305,919</u>	<u>18,919</u>
<u>Expenditures</u>				
Current:				
Capital outlay	500,000	-	-	-
Economic development	100,926	100,926	48,415	52,511
Total Expenditures	<u>600,926</u>	<u>100,926</u>	<u>48,415</u>	<u>52,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,126)	186,074	257,504	71,430
<u>Other Financing Sources (Uses)</u>				
Transfers out	(41,891)	(41,891)	(41,890)	1
Total Other Financing Sources (Uses)	<u>(41,891)</u>	<u>(41,891)</u>	<u>(41,890)</u>	<u>1</u>
Net Change in Fund Balances	(386,017)	144,183	215,614	\$ 71,431
Fund Balances, October 1	2,877,963	2,877,963	2,877,963	
Fund Balances, September 30	<u>\$ 2,491,946</u>	<u>\$ 3,022,146</u>	<u>\$ 3,093,577</u>	

CITY OF HASLET
**SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN MEASUREMENT YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service Cost	\$ 210,594	\$ 200,128	\$ 152,689	\$ 127,691
Interest (on the Total Pension Liability)	154,325	135,844	120,684	120,806
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	12,576	(36,328)	(24,699)	(209,303)
Change of assumptions	-	-	44,306	-
Benefit payments, including refunds of employee contributions	(36,728)	(25,460)	(31,038)	(75,829)
Net Change in Total Pension Liability	340,767	274,184	261,942	(36,635)
Total Pension Liability - Beginning	2,199,361	1,925,177	1,663,235	1,699,870
Total Pension Liability - Ending (a)	<u>\$ 2,540,128</u>	<u>\$ 2,199,361</u>	<u>\$ 1,925,177</u>	<u>\$ 1,663,235</u>
Plan Fiduciary Net Position				
Contributions - Employer	117,399	102,768	95,444	69,789
Contributions - Employee	93,419	88,051	69,090	58,157
Net Investment Income	304,266	128,549	2,606	92,819
Benefit payments, including refunds of employee contributions	(36,728)	(25,460)	(31,038)	(75,829)
Administrative Expense	(1,575)	(1,451)	(1,587)	(969)
Other	(81)	(78)	(78)	(80)
Net Change in Plan Fiduciary Net Position	476,700	292,379	134,437	143,887
Plan Fiduciary Net Position - Beginning	2,192,805	1,900,426	1,765,989	1,622,102
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,669,505</u>	<u>\$ 2,192,805</u>	<u>\$ 1,900,426</u>	<u>\$ 1,765,989</u>
Net Pension Liability - Ending (a) - (b)	\$ (129,377)	\$ 6,556	\$ 24,751	\$ (102,754)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.09%	99.70%	98.71%	106.18%
Covered Payroll	1,334,560	1,257,874	987,000	830,821
Net Pension Liability as a Percentage of Covered Payroll	-9.69%	0.52%	2.51%	-12.37%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented .

CITY OF HASLET
SCHEDULE OF CITY PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 124,490	\$ 115,524	\$ 105,969	\$ 84,476
Contributions in relation to the actuarially determined contribution	<u>124,490</u>	<u>115,524</u>	<u>105,969</u>	<u>84,476</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,439,743	\$ 1,310,657	\$ 1,243,086	\$ 923,673
Contributions as a percentage of covered payroll	8.65%	8.81%	8.52%	9.15%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market, market value recognition method, 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investments expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS

1. This schedule is presented to illustrate the requirement to show for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented will be shown and ultimately ten years will be presented.

CITY OF HASLET**SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN MEASUREMENT YEARS**

	2017
Total OPEB liability	
Service Cost	\$ 3,470
Interest (on the Total OPEB Liability)	1,179
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	3,386
Benefit payments	(133)
Net Change in Total OPEB Liability	<u>7,902</u>
Total OPEB Liability - Beginning	<u>29,514</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 37,416</u></u>
 Covered Payroll	 \$ 1,334,560
 Total OPEB Liability as a Percentage	
 of Covered Payroll	 2.80%

NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented .

CITY OF HASLET
SCHEDULE OF CITY OPEB CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	2018
Actuarially Determined Contribution	\$ 2,306
Contributions in relation to the actuarially determined contribution	2,306
Contribution deficiency (excess)	\$ -
Covered payroll	\$ 1,439,743
Contributions as a percentage of covered payroll	0.16%

Valuation Timing: Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS:

This schedule is presented to illustrate the requirement to show for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented will be shown and ultimately ten years will be presented.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Discount Rate	3.31%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality:

Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

Notes	There were no benefit changes during the year.
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SUPPLEMENTARY INFORMATION

Combining Statements and Individual
Nonmajor Funds as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Fund – to account for contributions used for park improvements.
- Municipal Court Building Security Fund – to account for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- Park Board Improvement Fund – to account for development and impact fees used for park improvements.
- Library Board Fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for Library improvement.
- Street Maintenance Fund – to account for use of sales tax collections for street maintenance.

Debt Service Fund

- The 1999 Interest and Sinking Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Capital Projects Fund

- C. O. Capital Projects Fund – accounts for use of transfers from other funds used for various construction projects.

City of Haslet, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018

	Special Revenue Funds	Debt Service Fund 1999 Interest & Sinking	Capital Projects Fund COs Capital Projects	Total Nonmajor Governmental Funds
<u>Assets</u>				
Cash and investments	\$ 232,332	\$ 194,435	\$ 381,382	\$ 808,149
Receivables:				
Taxes	60,363	12,067	-	72,430
Other	-	889	-	889
Total Assets	292,696	207,391	381,382	881,469
<u>Liabilities</u>				
Accounts payable	561	-	126,366	126,927
Total Liabilities	561	-	126,366	126,927
<u>Deferred Inflows of Resources</u>				
Deferred revenue	550	11,366	-	11,916
Total Deferred Inflows of Resources	550	11,366	-	11,916
<u>Fund Balances</u>				
Restricted	135,533	196,025	-	331,558
Committed	156,052	-	255,016	411,068
Total Fund Balances	291,585	196,025	255,016	742,626
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 292,696	\$ 207,391	381,382	\$ 881,469

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Revenue Funds	1999 Interest & Sinking	COs Capital Projects	
<u>Revenues</u>				
Property tax, penalties, and interest	\$ -	\$ 415,231	\$ -	\$ 415,231
Sales tax	259,343	-	-	259,343
Park development	7,000	-	-	7,000
Fines	15,783	-	-	15,783
Contributions	2,900	-	-	2,900
Interest	8,072	6,903	8,339	23,314
Miscellaneous	36,756	-	-	36,756
Total Revenues	329,854	422,134	8,339	760,327
<u>Expenditures</u>				
Current:				
Parks	85,191	-	-	85,191
Court	12,219	-	-	12,219
Library	6,527	-	-	6,527
Streets	-	-	-	-
Capital outlay	445,331	-	411,377	856,708
Debt service				
Principal	-	290,000	-	290,000
Interest	-	92,828	-	92,828
Total Expenditures	549,268	382,828	411,377	1,343,473
Revenues Over Expenditures	(219,414)	39,306	(403,038)	(583,146)
<u>Other Financing Sources (Uses)</u>				
Transfers in	63,930	-	233,037	296,967
Transfers (out)	-	-	(143,508)	(143,508)
Total Other Financing (Uses)	63,930	-	89,529	153,459
Net Change in Fund Balances	(155,484)	39,306	(313,509)	(429,687)
Beginning fund balances	447,069	156,719	568,525	1,172,313
Ending Fund Balances	\$ 291,585	\$ 196,025	255,016	\$ 742,626

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2018

	Park	Municipal Court Bldg. Security	Municipal Court Technology	Park Board Improvement	Library Board	Library Grant	Street Maintenance Fund	Total
<u>Assets</u>								
Cash and investments	\$ 53,001	\$ 27,046	\$ 14,941	\$ 96,424	\$ 7,784	\$ (46)	\$ 33,182	\$ 232,332
Receivables	-	-	-	-	-	-	60,363	60,363
Total Assets	53,001	27,046	14,941	96,424	7,784	(46)	93,546	292,696
<u>Liabilities</u>								
Accounts payable	416	-	-	-	145	-	-	561
Total Liabilities	416	-	-	-	145	-	-	561
<u>Deferred Inflows of Resources</u>								
Deferred revenue	550	-	-	-	-	-	-	550
Total Deferred Inflows of Resources	550	-	-	-	-	-	-	550
<u>Fund Balances</u>								
Restricted	-	27,046	14,941	-	-	-	93,546	135,533
Committed	52,035	-	-	96,424	7,639	(46)	-	156,052
Total Fund Balances	52,035	27,046	14,941	96,424	7,639	(46)	93,546	291,585
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 53,001	\$ 27,046	14,941	\$ 96,424	\$ 7,784	\$ (46)	\$ 93,546	292,696

City of Haslet, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2018

	Park	Municipal Court Bldg. Security	Municipal Court Technology	Park Board Improvement	Library Board	Library Grant	Street Maintenance Fund	Total
<u>Revenues</u>								
Park development fees	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ 7,000
Fines	-	6,762	9,021	-	-	-	-	15,783
Contributions	-	-	-	-	-	2,900	-	2,900
Interest	770	411	209	1,318	124	-	5,240	8,072
Sales tax	-	-	-	-	-	-	259,343	259,343
Miscellaneous	36,756	-	-	-	-	-	-	36,756
Total Revenues	37,526	7,173	9,230	8,318	124	2,900	264,583	329,854
<u>Expenditures</u>								
Current:								
Parks	85,191	-	-	-	-	-	-	85,191
Court	-	4,890	7,329	-	-	-	-	12,219
Library	-	-	-	-	3,201	3,326	-	6,527
Streets	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	445,331	445,331
Total Expenditures	85,191	4,890	7,329	-	3,201	3,326	445,331	549,268
Revenues Over Expenditures	(47,665)	2,283	1,901	8,318	(3,077)	(426)	(180,748)	(219,414)
<u>Other Financing Sources (Uses)</u>								
Transfers in	60,465	-	-	-	3,465	-	-	63,930
Transfers (out)	-	-	-	-	-	-	-	-
Total Other Financing (Uses)	60,465	-	-	-	3,465	-	-	63,930
Net Change in Fund Balances	12,800	2,283	1,901	8,318	388	(426)	(180,748)	(155,484)
Beginning fund balances	39,235	24,763	13,040	88,106	7,251	380	274,294	447,069
Ending Fund Balances	\$ 52,035	\$ 27,046	\$ 14,941	\$ 96,424	\$ 7,639	\$ (46)	\$ 93,546	\$ 291,585